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LETTERS TO BUSINESS

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AMT hurts middle- income taxpayers

Editor -- As one of the founders of ReformAMT (www.reformamt.org), the leading national nonprofit dedicated to reforming the alternative minimum tax, I noticed an omission in Carolyn Said's article ("Personal bankruptcies hit record high," Nov. 15).

An alarming number of new bankruptcy cases this year are coming from taxpayers who got hit with the AMT, a stealth tax that has crept up on middle- income taxpayers in recent years, due in part to the proliferation of stock options.

Under AMT, when employees exercise stock options, they are responsible for paying a tax on them, even if they haven't sold the stock. When the market began its precipitous decline in 2000 and many companies collapsed, not only were employees displaced from their jobs, but many were left holding the bag on crushing tax bills that begin accruing interest and penalties immediately.

Adding insult to injury, under our current onerous tax system, these taxpayers have had to wait three years in order to file for bankruptcy. Sure, bankruptcy needs to be overhauled, but so, too, does this flaw in the law called AMT that refuses to go away. In fact, the Department of the Treasury estimates that 1 in 3 taxpayers will be hit with the AMT by 2010.

REBECCA METZ

Berkeley

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